

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. Do5-326
VIRGINIA SURETY)	
COMPANY, INC.,)	CONSENT AND ORDER
)	TO PAY FINE
an Authorized Insurer.)	

FINDINGS OF FACT

- 1) Virginia Surety Company, Inc. (Virginia Surety) wrote nine commercial policies through Construction Program Group which is a division of Managing General Agent Special Risk Resources, Inc.
- 2) There were no rates filed with the Office of Insurance Commissioner (OIC) pursuant to RCW 48.19.040 and RCW 48.19.043.
- 3) The written premium of the nine policies amounted to \$581,522.00.
- 4) Immediately upon realizing the filing omission, Virginia Surety ceased all general liability underwriting in Washington, notified the Office of Insurance Commissioner, and commenced rate filing proceedings.
- 5) The rates were filed February 3, 2005, and approved effective March 6, 2005.

CONCLUSIONS OF LAW

- 1) By failing to file rates at the time these policies were issued, Virginia Surety violated RCW 48.19.040 which requires every insurer or rating organization to file with the commissioner every classification manual, manual of rules and rates, rating plan, rating schedule, minimum rate, class rate and rating rule . .
- 2) By using rates which had not been filed, the company violated RCW 48.19.043 which requires all commercial property and casualty rates to be filed with the commissioner within thirty days after an insurer issues any policy using them.

CONSENT TO ORDER

NOW, THEREFORE, Virginia Surety does consent to the following in consideration of the desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's fine and such terms and conditions as are set forth below:

- 1) The company consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of this Order and waives further administrative or judicial challenge to the OIC's actions and related to the subject matter of this Order;
- 2) Within thirty days of the entry of this Order, the company agrees to pay \$13,500 and not violate the provisions of the Washington State Insurance Code which are the subject of this Order for an additional two-year period.
- 3) The OIC will not proceed against Virginia Surety's certificate should Virginia Surety commit isolated, de minimis violations of the statutes and that are the subject of this Consent Order during the suspense period, as determined by the OIC. Virginia Surety commits to rectifying such violations promptly once they are discovered.
- 4) Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of the company's certificate of authority and for recovery of the full \$13,500 referenced herein.

EXECUTED this _____ day of _____, 2005.

VIRGINIA SURETY COMPANY, INC.

By: _____

Title: _____

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

- 1) Virginia Surety Company, Inc. is ordered to pay a fine in the amount of \$13,500. This fine is conditioned on the company agreeing to comply with the laws and regulations of the State of Washington which are the subject of this Order.
- 2) The company's failure to pay the fine within the time limit set forth above shall result in the revocation of its Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this 21st day of July, 2005.

Mike Kreidler
Insurance Commissioner

By: _____
Mary M. Cotter
Staff Attorney, Legal Affairs